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04 NOV 1993

Honorable Olympia J. Snowe
House of Representatives
2268 Rayburn House Office Building
Washington, D.C. 20515

93-253 / RECEIVED
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IN REPLY REFER TO:

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

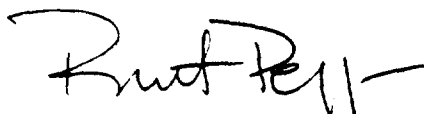
Dear Congresswoman Snowe:

This in reply to your letter of October 4, 1993, on behalf of your constituent, Mr. Mark H. Blake, the Vice President of Community Service Communications, Inc., in Winthrop, Maine. Mr. Blake is concerned the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on independent, small and minority owned businesses that plan to provide personal communications services (PCS). Your letter was referred to me by Chairman Quello because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, ~~PP Docket No. 93-253~~ (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding i.e., installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital.

I appreciate Mr. Blake's concerns about how large market license areas subject to auction might affect small businesses and businesses owned by women and minorities. In a separate proceeding on PCS, GEN Docket 90-314, the Commission adopted a licensing coverage scheme based on Rand McNally's Basic Trading Areas (BTAs) for the nearly 500 local markets and Major Trading Areas (MTAs) for the 51 regional markets in the United States. Therefore, this licensing scheme provides both large license areas that small businesses may bid for independently or as part of a consortium and small license areas that may be more appropriate for small businesses. As we consider the comments filed in the competitive bidding proceeding, I can assure you that the Commission will keep in mind our mandate to ensure economic opportunity for the designated entities, including small businesses, as required by the Budget Act.

Sincerely,



Robert M. Pepper
Chief, Office of Plans and Policy

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October 4, 1993

The Honorable James H. Quello
Acting Chairman
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

RE: Spectrum Auctions

Dear Mr. Quello:

I am writing on behalf of my constituent, Mark H. Blake, the Vice President of Community Service Communications, Inc., in Winthrop Maine.

As you are well aware, the Omnibus Budget Reconciliation Act of 1993 provided new authority for the FCC to conduct competitive bid auctions for radio spectrums. The auction authority contains a clear Congressional mandate for the rule-making for Personal Communications Systems spectrum auctions to be structured to enable enterprises owned by small businesses, minorities, and women to participate effectively and independently in the auctions and eventual provision of new wireless PCS services.

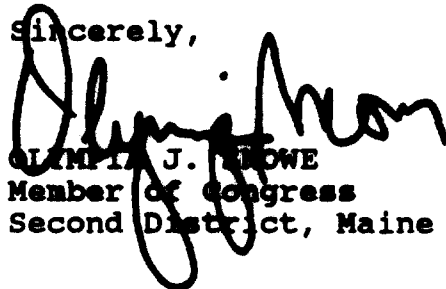
Mr. Blake is concerned that large communications companies are trying to change the rule-making into a PCS market that allows only very large companies to effectively bid for a few licenses. He says this will occur if the FCC accepts the suggestions of these companies and creates PCS markets that are national or cover very large regions, such as Major Trading Areas, because it will effectively block small companies in Maine from participating. While proponents of large PCS license areas have stated that they would sell to smaller companies those areas within their license boundaries which they are unable or unwilling to serve, Mr. Blake is concerned that they will sell off the areas that they do not view as profitable and create private franchises for persons of their choosing on their terms and conditions.

I respectfully request that you address Mr. Blake's concerns in your rule-making, as his concerns are relevant to all small, telecommunications companies across America.

The Honorable James H. Quello
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Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Olympia J. Snowe", is written over the printed name and title.

OLYMPIA J. SNOWE
Member of Congress
Second District, Maine

OJS:akc